



December 2024

# Bargaining Benchmarks

A resource for trade union negotiators  
in South Africa

Negotiators often have very few resources to assist them with preparing for bargaining processes at company or sector level. There is very little information on wages and other key indicators in the public domain and trade union negotiators in particular have limited scope to buy the information that they might need. It is also true that much of the information that is available is not in a form that is easily understood by negotiators.

Bargaining Benchmarks is a basic resource for role players in collective bargaining in South Africa. This report provides negotiators with a series of benchmarks that will help them enter into bargaining processes as informed role players.

# Table of Contents

Definitions	02
Price Inflation: Cost of Living	03
Contributions to annual change	04
Inflation by expenditure Group	08
Inflation by province	08
Producer Price Index	09
Unemployment rate	10
Economic Growth and GDP	11
Household Food Basket Index	12
Wage indicators	13
References	14

# Definitions

## **CPI (Consumer Price Index)**

Measures changes in the price level of market basket of consumer goods and services purchased by households.

## **Economic growth**

The increase in the inflation-adjusted market value of the goods and services produced by an economy over time. It is conventionally measured as the percent rate of increase in real gross domestic product, or real GDP.

## **Employment**

The fact of having a paid job

## **Inflation**

The rate at which prices increase over time, resulting in a fall in the purchasing power of money.

## **GDP (Gross Domestic Product)**

A monetary measure of the market value of all the final goods and services produced in a period of time, often annually or quarterly in a country.

## **PPI (Producer Price Index)**

Measure of the average change in the price of a basket of representative goods and services sold by manufacturers and producers in the wholesale market, including finished goods, intermediate goods, and raw materials or crude commodities.

## **PMBEJD**

Pietermaritzburg Economic Justice and Dignity.

## **The median**

The number found in the middle of a range of numbers. For example: if the range of numbers is 2, 4, 6, 8, 10, 12, 14, 16, 18 then the median is 10.

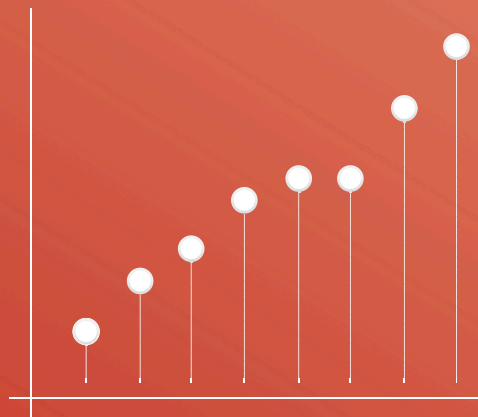
# Price inflation: Cost of living

Inflation is backwards looking. If the latest inflation number is for September 2024 and it was reported to be 3.8%, then this tells us what happened to prices over the last 12 months (from September 2023 to September 2024).

The easiest way to understand inflation is to think of buying power. If a worker receives a 10% increase but the price of the goods that the worker buys also increase by 10%, then that worker will not be able to buy anything beyond what they bought previously even though they appear to have more money. The wage earner, therefore, has the same buying power they had before, despite the 10% increase.

The Consumer Price Index (CPI) represents the overall increase in prices of all goods. The inflation rate measured by the CPI was 3.8% in September 2024. This means that the price of goods and services generally increased by 3.8% from September 2023 to September 2024.

You can find this monthly release at [www.statssa.gov.za](http://www.statssa.gov.za)

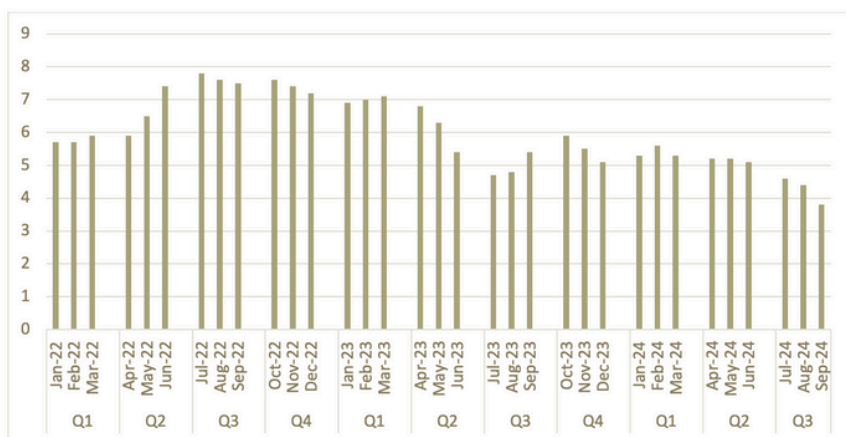


## Inflation

The increase in prices over a certain time period. Measured as an annual percentage increase (for example, September 2023 to September 2024).

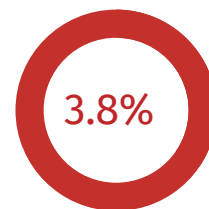
Almost always presented as an annualised number covering the previous 12 months.

Figure 1: Consumer Price Index (CPI) Q3 2024



Source: Statistics South Africa

Overall CPI is made up of different categories of goods and services.



September 2024

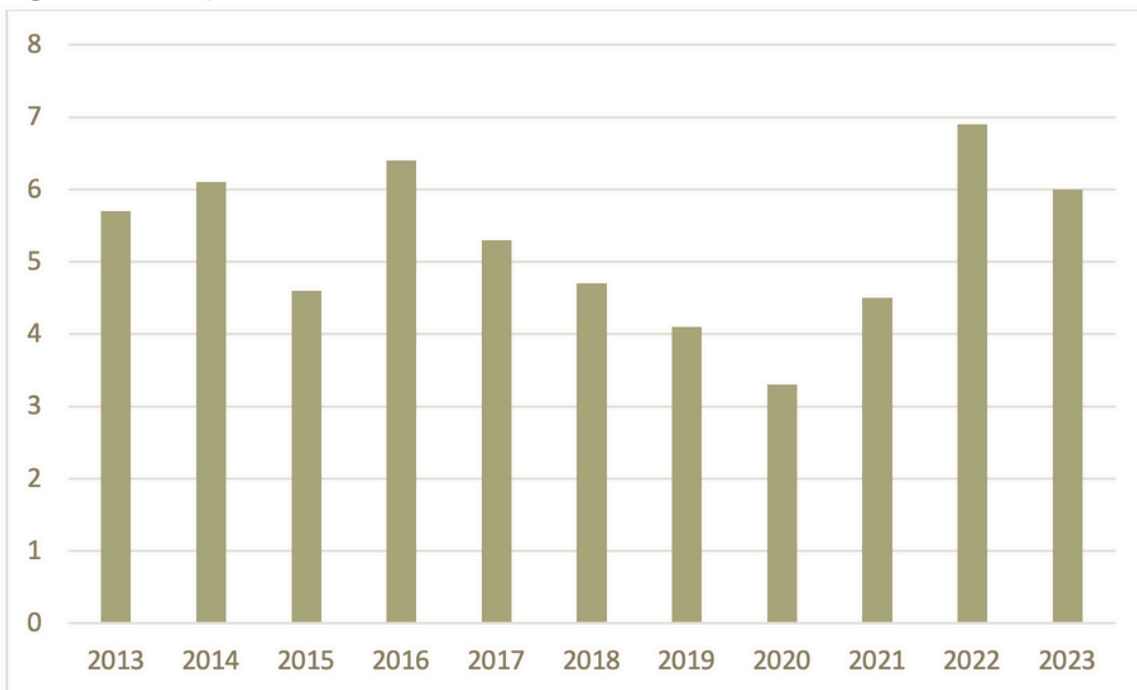
Remember the inflation rate describes a rate of increase. So, if annualised inflation is lower this month than it was last month, it does not mean that things are cheaper. It just means that the prices increased more slowly than they did before.

If we look even closer, we can see which sub-categories are currently driving inflation.



*If annualised inflation is lower this month than it was last month, it does not mean that things are cheaper.*

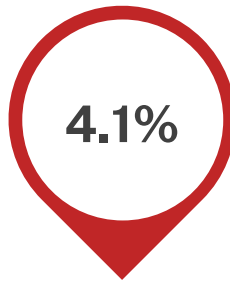
Figure 2: Average Consumer Price Index (CPI) | 2013 - 2023



Source: Statistics South Africa

The food price index shows the increase in the price level of food products only every month. This rate is incorporated in the overall CPI inflation rate.

**Food price**



September 2024

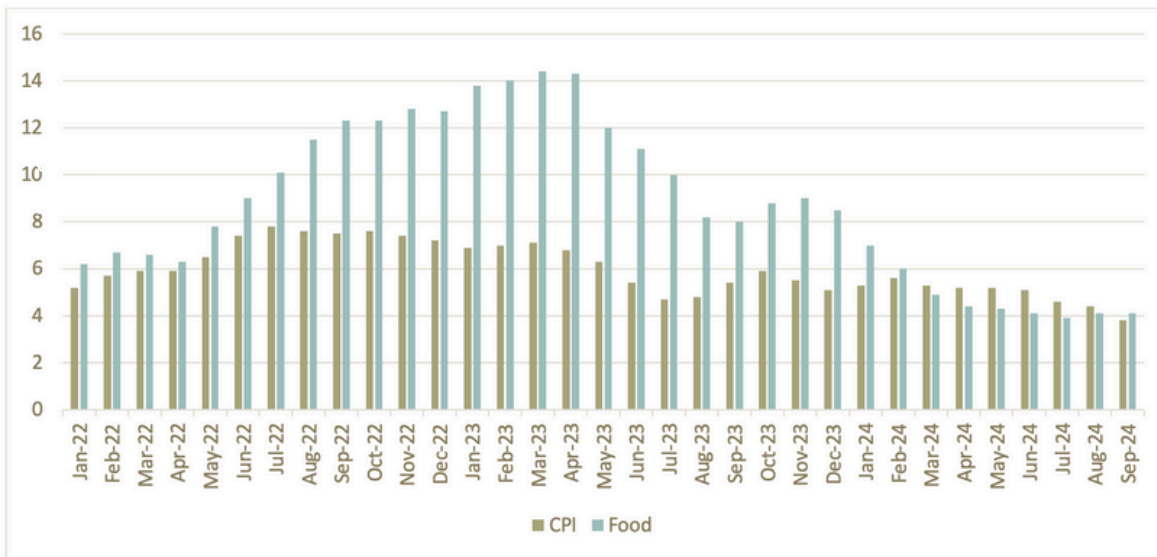
**Consumer Price Index**



September 2024

Food prices were higher than inflation from January 2022 to February 2024 but dropped below it between March and June 2024. By September 2024, they had risen above the inflation rate again.

**Figure 3: The Food Price | January 2022 - September 2024**



Source: Statistics South Africa

The transport price index reflects the rise in the cost of transportation items within the basket of goods and services used to calculate the inflation index. This rate is factored into the overall CPI inflation rate.

### Transport price



September 2024

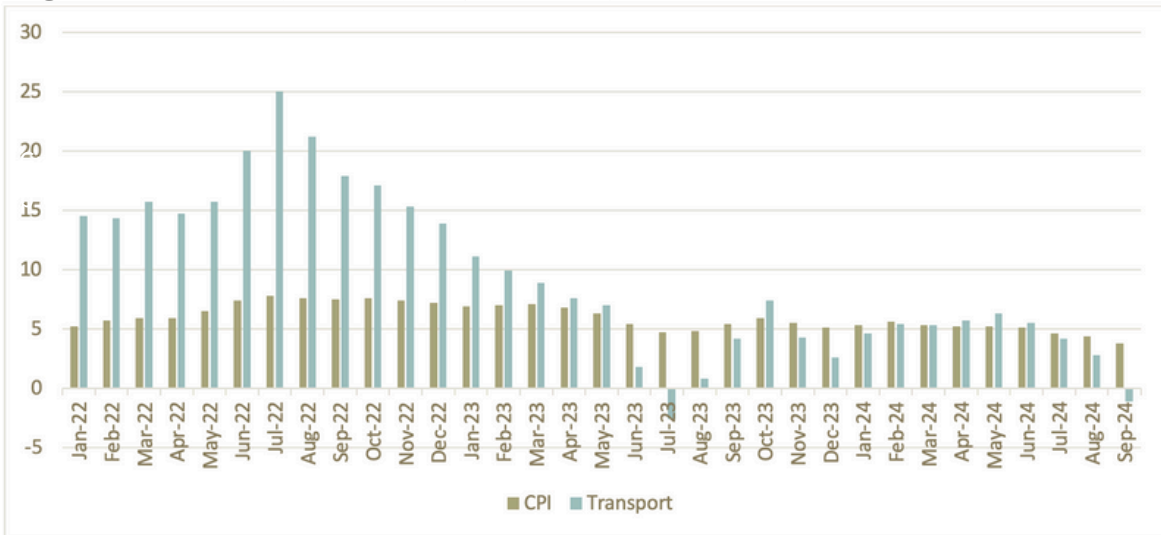
### Consumer Price Index



September 2024

From January 2022 to May 2023, transportation prices exceeded inflation but fell below it from July to September 2023. They rose above inflation in October, dropped below in November and December, and remained lower in January 2024. Prices rose slightly in February, reached 5.3% in March, exceeded inflation in Q2 2024, and dropped sharply in Q3 2024.

Figure 4: Transport price | January 2022 - September 2024

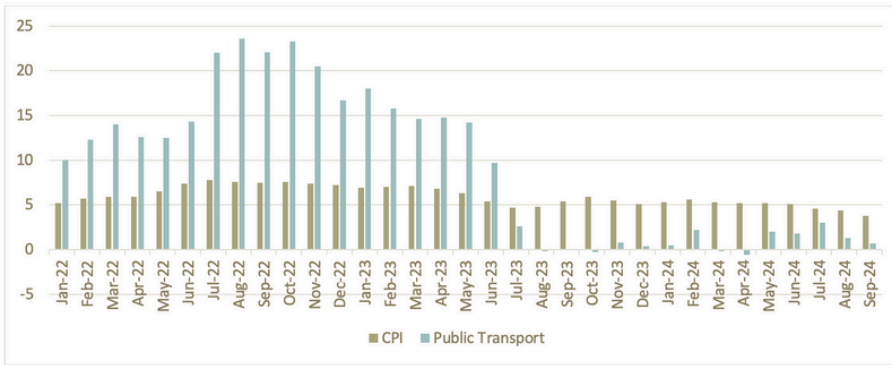


Source: Statistics South Africa



The public transport price index reflects price changes for taxis, trains, buses and other public transport for passengers or goods. This index is part of the overall CPI inflation rate.

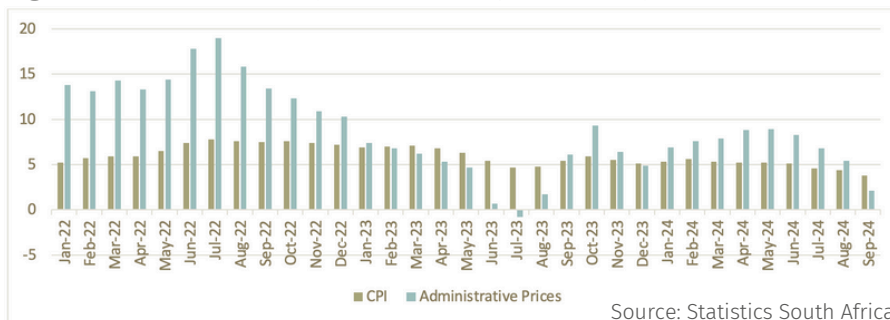
**Figure 5: Public Transport price | January 2022 - September 2024**



Source: Statistics South Africa

Public transport prices stayed above inflation from January 2022 to June 2023 but fell below it in the second half of the year. In early 2024, they remained below the consumer price index, rising slightly in May and June. Prices stayed lower than inflation during the third quarter of 2024.

**Figure 6: Administered price | January 2022 - September 2024**



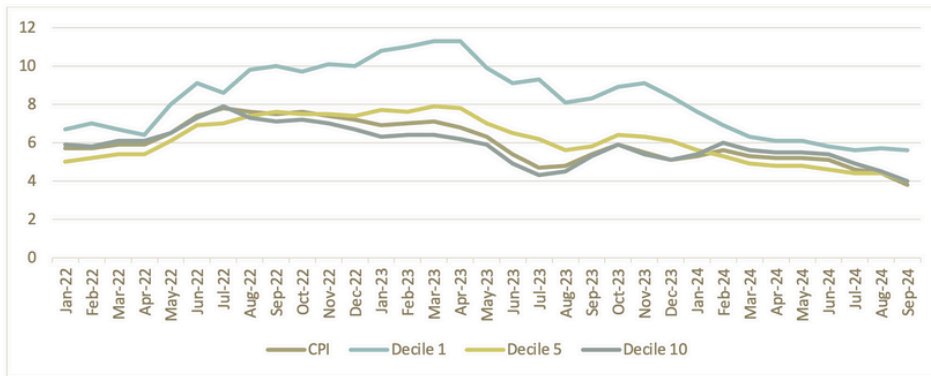
Source: Statistics South Africa

Administered prices rose in the first quarter of 2024 and stayed above annualised inflation in the second quarter. However, they dropped below inflation in the third quarter.

# Inflation by expenditure group

There is more than one inflation number. Different groups, from the very poor to the wealthy, can experience different rates of inflation because they buy different things.

Figure 7: Annualised inflation by expenditure group | JAN 2022 - SEP 2024

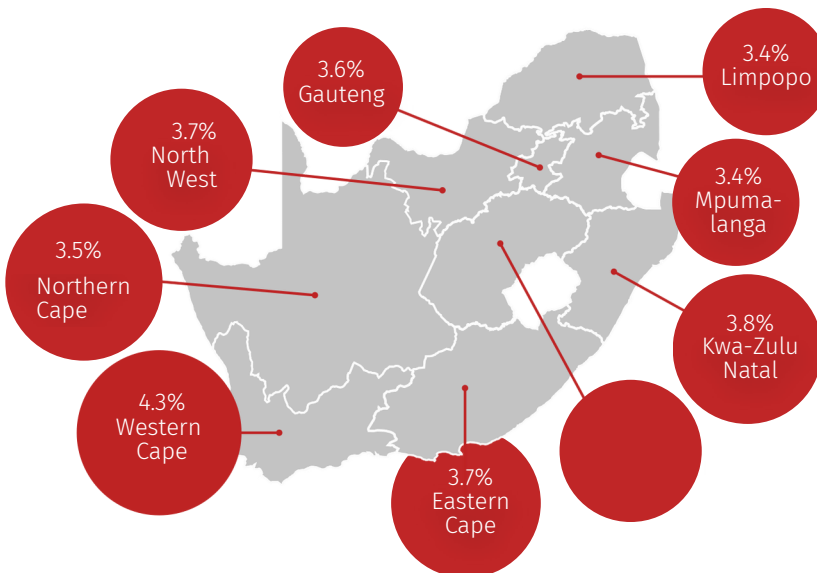


Source: Statistics South Africa

◀ In September 2024, the very-low expenditure group (Decile 1) had a 5.6% inflation rate, while the very-high group (Decile 10) faced 4%, both above the 3.8% headline rate.

# Inflation by province

Figure 8: Annualised Rates by Province | September 2024



◀ Limpopo (3.4%), Mpumalanga (3.5%), Northern Cape (3.5%), Gauteng (3.6%), North West Cape (3.7%), Eastern Cape (3.7%), and KwaZulu-Natal (3.8%) all had annual inflation rates that were lower than or equal to the headline rate. In contrast, the Free State (4.1%) and Western Cape (4.3%) saw annual inflation rates above the headline inflation.

Source: Statistics South Africa

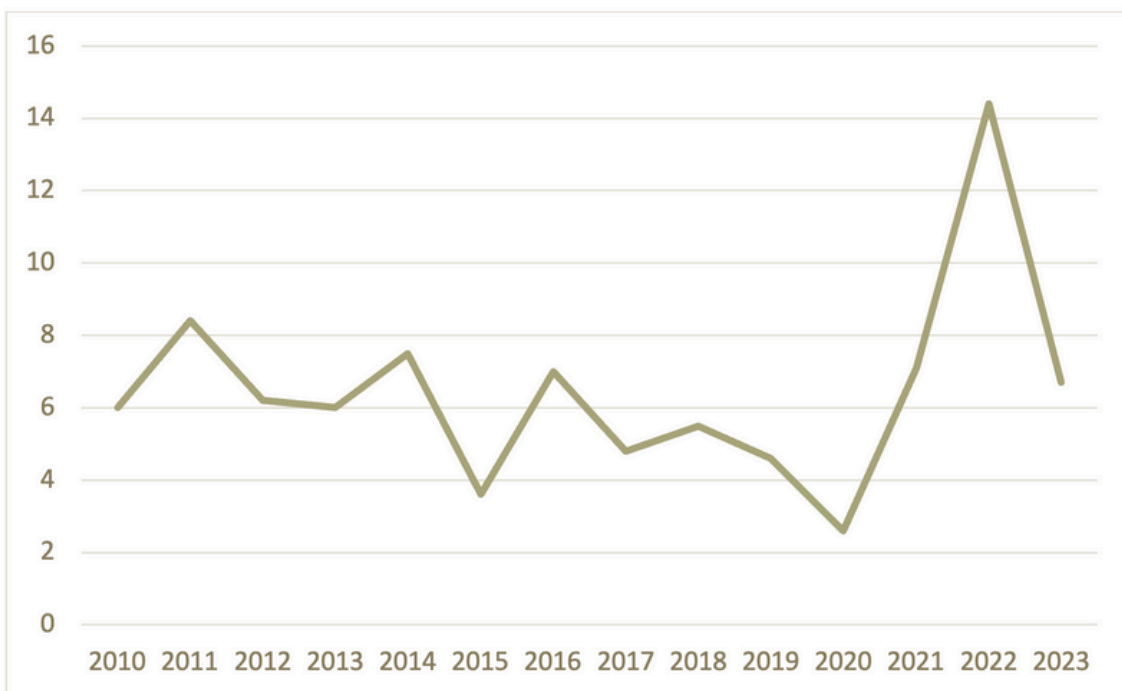
# Producer Price Index

The Producer Price Index (PPI) measures the average change in the price of a basket of representative goods and services sold by manufacturers and producers in the wholesale market, while CPI measures price changes in a basket of goods and services bought by the average household.

The PPI can assist us in understanding what inflation might do in future. Many factors can influence the inflation rate, but the trend in PPI is one way of predicting what prices will do in the short term.

The average Producer Price Index (PPI) increased from 6% in 2010 to 14.4% in 2022 and fell to 6.7% in 2023.

Figure 9: Average Producer Price Index (PPI) | 2010 - 2023



Source: Statistics South Africa

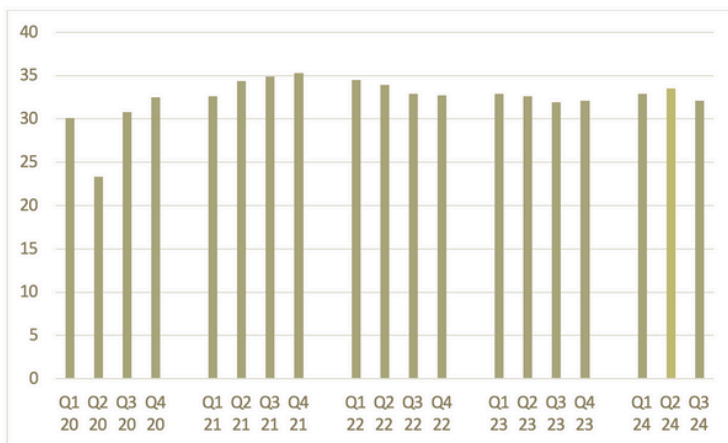
# Unemployment rate

## Q1 2020 - Q3 2024

The unemployment rate is the proportion of the labour force that is unemployed.

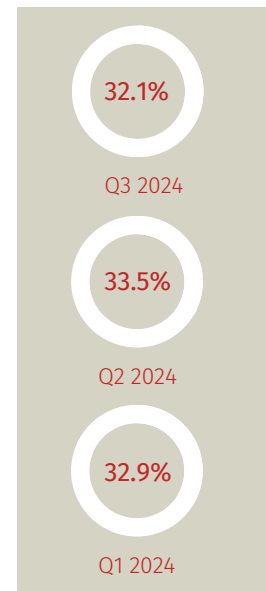
The official unemployment rate decreased to 32.1%, in the third quarter of 2024 from 33.5% in the second quarter of 2024.

Figure 10: Unemployment rate (%) | Q1 2020 - Q3 2024



Source: Quarterly Labour Force Survey

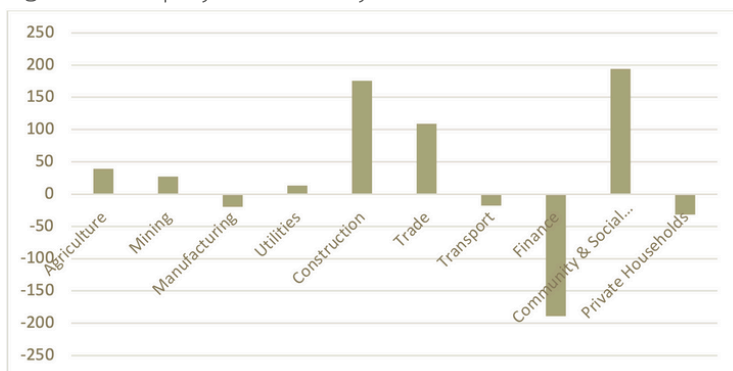
Unemployment rate (Q1,2&3)



Between Q2 and Q3 2024, employment rose in six of the ten industries. The largest gains were in Community and Social Services (194,000), Construction (176,000), and Trade (109,000).

Employment declined in Finance (189,000), Private Households (32,000), Manufacturing (20,000), and Transport (18,000).

Figure 11: Employment rate by industries | Q3 2024

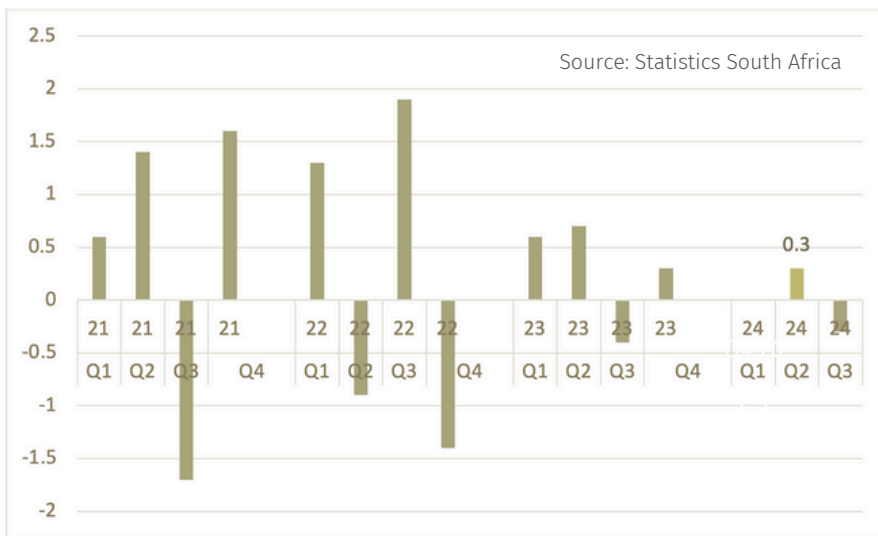


Source: Quarterly Labour Force Survey

# Economic growth & GDP (Q2 2024)

The GDP represents the total market value, or prices, of all final goods and services produced in an economy during a period. GDP is expressed as a comparison to the previous year or quarter.

Figure 12: Growth in GDP % | Q3 2024



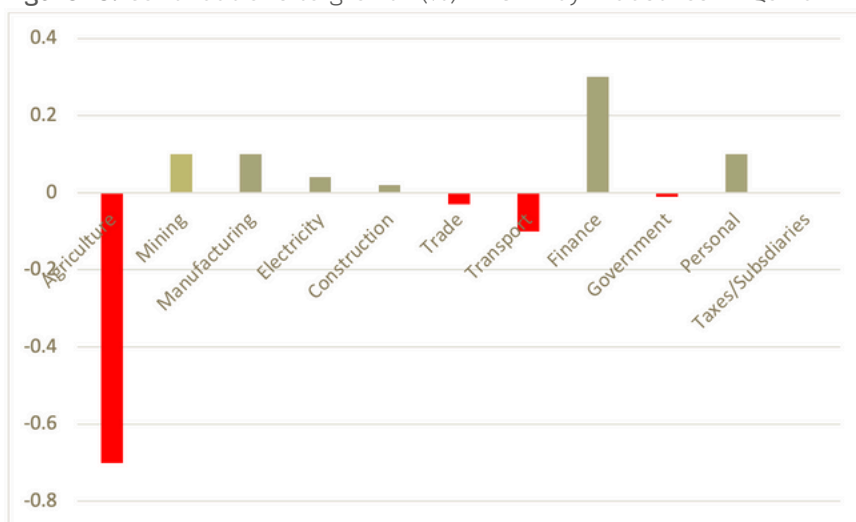
Real gross domestic product (GDP) measured by production decreased by -0,3% in the third quarter of 2024, following an increase of 0,3% in the second quarter of 2024.

Four industries showed negative growth between the second and third quarters of 2024. The agriculture industry had the biggest decline, falling by 28.8%, which contributed -0.7 percentage points to the overall GDP drop.

The transport industry decreased by 1.6%, contributing -0.1 percentage points.

The finance industry grew by 1.3%, adding 0.3 percentage points to the GDP.

Figure 13: Contributions to growth (%) in GDP by Industries in Q3 2024

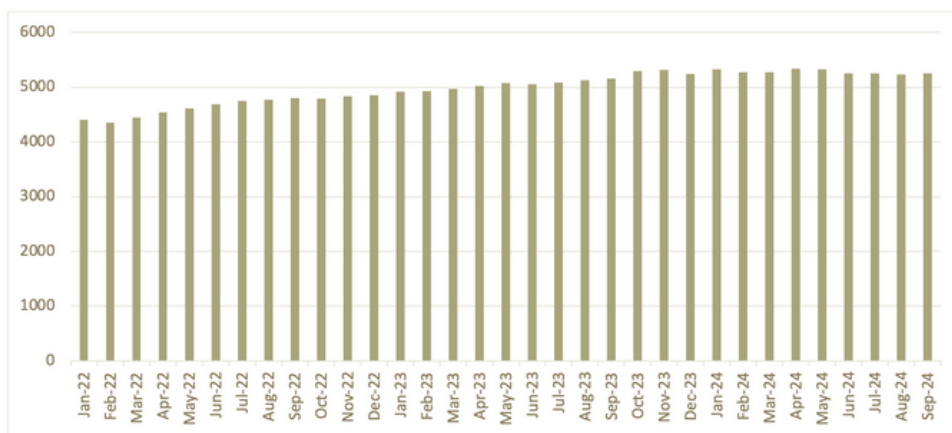


Source: Statistics South Africa

# Month-on-month household food basket index | Jan 2021 - Sep 2024

The household food index is specifically designed to measure food price inflation as experienced by households living on low incomes in Pietermaritzburg, but may be used to give insight on food price inflation as experienced by households living on low incomes in South Africa.

Figure 14: The cost of the household food basket | JAN 2022 to SEP 2024



◀ The cost of the household food basket increased from R4,401 per month in January 2022 to R5,256 per month in September 2024, rising by R855 or 19.42% in the period.

Source: Pietermaritzburg Economic Justice and Dignity

# Wage indicators

You can find the median pay increase in different industries on the LRS Actual Wage Rates Database (AWARD). AWARD is located at [www.lrs.dedicated.co.za/award](http://www.lrs.dedicated.co.za/award)

In Q3 2024, agriculture, electricity, finance, manufacturing, mining, and wholesale saw the highest median wage increases. Construction had a 6.5% increase, followed by transport at 6%. Overall, the median wage increase for all wage agreements collected in the third quarter was 7%.

Table 1: Median increases by industry (%) | Q3 2024

Industry	Median Wage Increase (%)
Agriculture, Hunting, Forestry & Fishing	7
Community, Social & Personal Services	6
Construction	6.5
Electricity, Gas & Water	7
Financing, Insurance, Real Estate & Business Services	7
Manufacturing	7
Mining & Quarrying	7
Transport, Storage & Communication	6
Wholesale & Retail Trade, Catering & Accommodation	7
<b>AWARD Benchmark</b>	<b>7</b>

Source: LRS Actual Wage Rates Database

The *median* is the number which is found in the middle of a range of numbers. For example, if the range of numbers is 2, 4, 6, 8, 10, 12, 14, 16, 18 then the median is 10.

# References

Labour Research Service, Actual Wage Rates Database (AWARD).

Available at <https://lrs.dedicated.co.za/award/>

Consumer Price Index, Gross Domestic Product (GDP), Quarterly Labour Force Survey publications. Available at <http://www.statssa.gov.za>

Pietermaritzburg Economic Justice and Dignity, Household Affordability Index.

Available at <https://pmbejd.org.za>



“

**KNOWLEDGE**  
IS TOO IMPORTANT TO  
LEAVE IN THE  
HANDS OF THE  
**BOSSES**